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BOOK REVIEWS AND NOTICES

Readings in Industrial Society: A Study in the Structure and Functioning of Modern Economic Organization. By LEON CARROLL MARSHALL. University of Chicago Press, 1918. Pp. xxiv + 1082.

When the economist became discontented with *laissez faire* he put himself under the necessity of finding another theory of control. No longer willing to leave the administration of economic affairs to natural law, he began to inquire into economic organization to locate responsibility for the management. This led to a consideration of those obvious institutions which the systems of theory based on natural liberty had taken for granted—competition, contract, property, and the state of the industrial arts. These institutions, once regarded as a framework within which natural law had its way, turned out in reality to be active agents in the conduct of economic life, well established habits which with every shift of circumstance still controlled the general direction of economic development. The question therefore arose, How does this framework function? The answer, when given in full, will be a new theory of control.

The present study in the structure and functioning of modern economic organization is at bottom an inquiry into the character of this control. The economic order of any period is conceived as a scheme of administrative arrangements for handling those problems of livelihood with which the community is confronted. The coming of capitalism gave these problems their current formulation. The increased rôle of the market, the introduction of the machine technology, the growth of large-scale production and the urbanization of population, the modern administration of labor under the wages system, the concentration of ownership and income, the centralization of financial control, the impersonal character of economic relations, the guidance of economic activity under business principles (competition and property), and the conscious redirection of it by social agencies—these are the outstanding features of the modern industrial society. The readings are grouped into chapters corresponding roughly with this list of features, and as a preface to each chapter there is a statement of the problems at issue. The problems

are those of economic organization, the purpose is a statement of general principles; both by problem and purpose, therefore, the book is a contribution to economic theory. In fact the problems of organization which it considers were included in political economy long before the logic of market-value established an exclusive right to the title of economic theory. No amount of abstraction has yet been able to eliminate completely the problems of organization, though several heroic attempts have been made. Though these institutional facts are unavoidable, yet an acquaintance with them by the undergraduate cannot be taken for granted and it is the purpose of this book to serve as an introduction. It is a study in the business management of industrial society.

Whether a book of this kind will give satisfactory results when used in introductory courses depends largely upon the meaning given to the word "results." The book is not adapted to the purpose of indoctrinating the undergraduate in value theory; the readings were not selected as illustrations of the italicized conclusions of the standard text. It does not attempt to extricate the student from the labyrinth of economic fallacies by teaching him the logic of the market, on the assumption that other institutions remain equal. The market, it is true, comes in for a good share of attention, but the analysis has less to do with its internal price adjustments than with its functional relationships with other institutions; the emphasis is less upon the movement of prices toward an equilibrium and more upon the market as an organizing agency. The argument, consequently, is not so closely knit or syllogistic as the stricter value theory, but the loss in logical coherence is offset by the gain in significance of content. The likelihood of getting satisfactory results by the use of the book turns, therefore, on what is regarded as the proper object of an introductory course in economics. If the central problem of economic theory is the determination of market price, then this book of readings is not the text for a course in the elements. If, on the other hand, the determination of price is incidental to the general problem of control and the primary consideration is to make the student familiar with economic organization, then this book will make an excellent introduction to economics.

The adoption of the book as a text, in view of this departure from accustomed problems, will carry with it a considerable modification in the elementary course, and except in matters of detail this is not easy to accomplish. When a technique of teaching has once developed it is difficult to change the task and introduce new tools; especially is this so in the beginning course where large-scale operations have enforced

the standardization of methods. The professional economist in America spends so many of his working hours in the class room, his attention is so much occupied with teaching, that the selection of texts is a serious matter—so serious, indeed, that one eminent economist after another has rewritten the great body of accepted doctrine in order to give it the particular slant which he feels should be imparted to his own students. Yet, after all this care, whenever economists gather the discussion turns sooner or later to the disappointing results of the elementary course. No better illustration of the difficulty of modification could be pointed to than the limited range within which the experiments in teaching the course have been conducted and the persistence of the old methods and problems year after year in spite of their recognized inadequacy.

Sometimes the difficulty is that the discretion regarding methods rests with those who are not closely in touch with the actual instruction; sometimes it is the fear that a change of problem might cheapen the course, give it perhaps a merely practical appeal and by making it interesting destroy its “disciplinary value.” But more often the difficulty has been the absence of any real alternative, one in which the teaching material would be adequate to carry out the plan. The change from one standard text to another has offered so small a margin of change as hardly to pay for the cost of the experiment. A choice among these standard texts, therefore, is both easier and less important than the decision between any one of them and the present book of readings. The classroom use of these readings will change the problem of the course from the determination of market value to the interpretation of economic organization. The adoption of it as a text is a venture which calls for courage and offers some hope.

The most important consequence of its adoption, however, is not the increased efficiency of teaching but its possible influence on the further development of economic theory. The acceptance of a new problem in the elementary course would in time affect the attitude of the economist and his general theory. The present situation is such that a change to the problem of control in co-operation with other influences already at work might bring about a revival of interest in economic theory. The experience during the war and the character of the after-the-war problems are bringing us back to ourselves and renewing our interest in those matters which affect the wealth of nations. These problems of reconstruction require a theory of control, and, as Professor Cooley has observed, it is the lack of an adequate doctrine of economic organization which today constitutes the central deficiency of political

economy. "Such a doctrine should, of course, embrace something corresponding to the theory of production, exchange, valuation, competition, and the like which we now study in the textbooks; but it should do much more than this: it should show these immediate processes as consistent and intelligible parts of economic process at large; it should enable us to understand their human significance and to act wisely with reference to them." It is the chief merit of the present book of readings that it centers the attention on this problem of organization and so makes it possible to consider in the classroom those questions which should be the main concern of the economic theorists of the present generation.

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National Governments and the World War. OGG AND BEARD.
New York: Macmillan, 1919. Pp. 603. \$2.50.

The first stage in the war for democracy has been fought and won, but the second, and perhaps more difficult, battle is still to be fought. Democracy, as a form of government, has triumphed over autocracy, but there is still much to do to make democracy workable and to prevent democracy, in the sense of the liberals, the democracy for which most of us have fought, from degenerating into a lawless form of rule by the majority, a rule where liberty is replaced by license. The great problem is in the education of the masses. Under democracy, as under no other form of government, an enlightened people is an absolute necessity. In a democracy we must have a people who take an interest in their government and who understand the problems of the day. This volume has been written to aid in the diffusion of the knowledge of governments. It deals with the governments of the United States, of the Allies, and of the Central Powers.

The thread which holds the different parts of the book together is the progress of government by the consent of the governed, the story of the struggle between the democratic and the autocratic ideal of government culminating in the Great War. The authors are interested in showing the close connection between the fundamental institutions of the United States and of Great Britain, and give an important place to British institutions as the basis of democratic government in the world. Not only are the bare outlines of government given, but some emphasis is placed upon the spirit of the governments. This helps more to an understanding of them than would a bare study of docu-